RESEARCH HIGHLIGHT

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Social Housing Redevelopment and Regeneration in Canada: Eight Case Studies

INTRODUCTION

The redevelopment of social housing in Canada has varied in scale and taken different forms. A review of existing literature found that, prior to the 1990s, the main focus of social housing improvements in Canada involved renovation of units and changes to project design. Social housing improvements also included efforts to modernize outdated units, infrastructure and amenities, and to address physical, social and management issues.

Since the 1990s, three main types of redevelopment have been identified in the literature including: 1) large-scale redevelopment (e.g. intensification of site use and diversification of housing types and tenures); 2) small-scale redevelopment such as purchase and renovation of older homes; and 3) large-scale revitalization plans for large public housing projects.

Although there are some large social housing projects with as many as 200 housing units or more, over 95% of social housing in Canada is in smaller projects.

This study examined approaches and lessons learned in the Redevelopment and Regeneration (R-R) of eight social and affordable housing projects carried out over the last two decades in Canada. The report presents the key findings of the eight case studies, which focused on the main drivers and objectives for R-R, considerations during the planning and implementation of R-R, and the outcomes.

METHODOLOGY

For this study, Redevelopment and Regeneration (R-R) of existing social and affordable housing was defined as: *Major changes in housing projects to renew lost vitality and offset economic decline, social and economic change, and physical and environmental dereliction.*

A national on-line survey was conducted with public officials and stakeholder organizations across Canada to identify existing social and affordable housing projects that had undergone R-R and could provide lessons learned for future redevelopment efforts. Close to 285 survey responses were received and a total of 82 R-R projects that had been completed or were due to be completed within six months were suggested as potential case studies.

From the list of 82 R-R projects, eight projects were selected for case study based on several characteristics such as project size (number of units), extent of R-R undertaken, community size, and geographic location, in order to study a range of different projects across the country. The eight case studies included:

1. Crestview, Phase 1 and 2, Corner Brook, Newfoundland
2. Perrault Place, Happy Valley-Goose Bay, Labrador
3. Benny Farm, Montreal, Quebec
4. Strathcona Heights, Ottawa, Ontario
5. Regent Park Phase 1, Toronto, Ontario
6. Flora Place, Winnipeg, Manitoba
7. Canora Park Place, Canora, Saskatchewan
8. Lions View, Vancouver, British Columbia

For the case study research, telephone interviews were conducted with: i) organizations responsible for the R-R; ii) external consultants who had carried out some of the work; and iii) knowledgeable individuals from other housing, services and planning organizations.

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FINDINGS

In the eight projects studied, R-R efforts took between four years for smaller projects and eight years or more for larger projects. The objectives of R-R in these projects aimed at improving the physical housing conditions and preserving the affordability of the existing housing. The 'renewal' of housing projects and social impacts on their immediate surroundings (communities) were also a key feature of many projects.

Main Drivers for Redevelopment and Regeneration (R-R)

1. Improve the deteriorated physical condition of the buildings and outdated design or layout.
2. Address concerns about social conditions on the existing building(s) site.
3. Accommodate the changing needs of existing tenants and/or households on the waiting list.

Planning and Implementation of Redevelopment and Regeneration (R-R)

Overall, methods of planning and implementing R-R efforts involved partnerships between social housing providers and private developers. Some R-R efforts were phased over a number of years to minimize disruption to the lives of existing tenants.

R-R work involved two parallel and coordinated components between redevelopment work and tenant relations. These two components were often managed by different groups within the organization undertaking the R-R and required different skills and expertise to be successful.

In some projects, tenant and community interests were addressed through extensive consultations and the active involvement of tenants in decision making. For example, in one case, a special task force was created and the tenant association was involved, and in another case, a community charette was conducted to seek tenant views. Nearly all projects examined in this study involved the displacement of residents, which required staffing to liaise with tenants and coordinate relocation. Tenant relocation represented a considerable workload and added expense for the housing agencies involved, and affected the lives of tenants such as disruption in their daily routines and social connections.

The costs and financing for R-R of the case studies examined depended on the scale and objectives of the R-R project, as well as funding opportunities. R-R efforts were costly, regardless of whether they involved new construction or major renovation. In particular, demolition and tenant relocation costs were considerable. The cost of demolition can be quite high, particularly costs for removing hazardous materials.

R-R associated costs include: planning (e.g. architects, engineers, consultants and rezoning); demolition (partial or full) and disposal; tenant relocation (e.g. tenant liaison and moving expenses); site infrastructure (e.g. roads, water and sewer); construction/renovation; landscaping; and project management and administration. In the case study research, it was difficult to determine a precise cost for R-R that reflected all of the same variables across all of the projects examined. The case study research found a broad range in the average per-unit cost for R-R, which averaged roughly between $40,000 and $125,000 per unit. This broad range reflects the differences among the R-R case studies in the extent of R-R undertaken (e.g. renovation versus replacement), local costs for labour and materials, approaches undertaken (e.g. phasing redevelopment), and R-R related costs that were captured in these estimates. For example, some organizations did not quantify the cost of human resources associated with R-R management and administration (e.g. tenant liaison).

Most R-R projects examined in the case study research involved public funds from federal, provincial and/or municipal governments, and several R-R projects used a combination of public and private funds, such as projects that included the construction of private market units. In some cases, the release of existing equity from land value was required in order to make the redevelopment feasible. It was noted during the study that 'free land' by itself was not sufficient to produce affordable housing to lower-income residents. In some cases, provincial housing allowances helped to improve the affordability of the new R-R units.

Results

The three common results found among the eight R-R case studies are as follows.

- Major improvements to the physical quality of housing including: improved physical condition of the units;

improved energy efficiency from conservation features installed; and improved physical accessibility and mobility for seniors and persons with disabilities.

- Improved housing affordability for most tenants. This was achieved through financial assistance for redevelopment and, in some cases, through additional subsidies such as rent supplements or housing allowances. In addition, housing providers were able to realize savings in operating and maintenance costs as a result of improved energy efficiency and physical conditions of the housing, and as a result of reduced vacancies of units that were previously difficult to rent and that represented a loss in rental revenue.
- Some R-R projects resulted in an increased mix in household demographics, income and tenure, sometimes with the addition of market rental units or ownership condominiums. Proceeds from the sale of private market units helped offset redevelopment costs and/or assist with the construction of new affordable units, and in the case of market rental units, rent provided revenue to help cover operating expenses.

LESSONS LEARNED

Assessment and Planning

R-R projects can typically take two or more years for the planning phase of redevelopment as well as three or more years for implementation. Phasing R-R work over an extended period of five to 10 years can help reduce the displacement of existing tenants from the community, and help spread the costs of redevelopment over a number of years.

Factors that need to be considered in the assessment and planning for R-R include:

- cost-benefit analysis of renovating all or some of the units versus demolition and new construction
- tenant/community preferences and redevelopment objectives
- whether to preserve or renew communities
- whether and how to best manage displaced tenants
- whether to complete redevelopment in phases

Consultations

Active engagement of tenants was seen as a key to success for some of the case studies. For one large project, a community-based task force model and the involvement of a community engagement consultant were seen as key to overcoming tenant resistance. For the smaller projects, meetings with tenants regarding the plans for redevelopment helped shape these projects. The key lesson learned for the agencies involved in the redevelopment efforts was that consultation takes time; however, the agencies felt that it was well-worth the time and resources involved.

Lead Entity and Partnerships

In the case studies examined, R-R was led by provincial or municipal government agencies, non-profit or other public organizations, and private partners. Some R-R projects involved non-profit and/or private partners. In one case, partnership with a private developer was shown to be advantageous as the developer bridge-financed the upfront costs (e.g. architectural drawings, rezoning applications, and environmental studies) and helped raise capital to add more units. In another case, the role of Canada Lands Company (CLC), a federal crown corporation, as the lead developer was key to the success of the redevelopment as it provided access to funding.

Financial and Other Resources

A feasible financial plan was critical for undertaking R-R. Having 'free' land was not enough to cover the high costs of redevelopment. Sufficient human resources, such as staff in housing agencies, were required to manage both the physical work and tenant relations.

Having adequate financing from the outset was key to the successful completion of R-R work. The R-R projects examined involved private partners or a combination of government funding and loans from a variety of programs, which required close collaboration among multiple levels of government.

Sources of funding for the R-R case study projects included:

- raising equity by selling parts of non-profit or publicly-owned sites (or assets) to private interests
- land lease agreements with non-profit co-operatives

- tendering the sale of a portion of sites to non-profit housing developers and partnerships with private developers for condominium housing involving profit sharing
- public funds from federal, provincial, and municipal governments

In cases where profits were realized through the sale of land and/or construction of private market units, these profits were used to help cover the cost of redeveloping the social housing units, and/or build affordable housing. In one case where profits were used to build new affordable housing units without any public funds, it was noted that the housing provider had the flexibility to set rent levels at the lower end of market rent. This market rent helped cover operating costs and generated an annual surplus, which in turn was used to purchase other rental properties and convert them into affordable non-profit rental housing.

One housing corporation planned to change its strategy for subsequent R-R projects in order to help reduce costs. This included carrying out work without having to relocate tenants where possible, undertaking more modest internal work, and focusing mostly on renovating kitchens and bathrooms.

It was also important that R-R efforts be budgeted for unexpected issues such as the removal and clean-up of hazardous materials (e.g. asbestos or oil heating tanks).

Tenant Relocation

All of the R-R projects examined involved tenant relocation, which was generally seen as successful despite the cost and lengthening of the redevelopment process by up to a year or more. The public and non-profit housing agencies involved in the case studies either had housing in other locations or vacant units on the R-R site that could temporarily house displaced tenants. Phasing the redevelopment work allowed tenants to stay within the community during and after redevelopment. In cases where tenants were displaced, tenants were given choices including the right to return to the site after R-R had been completed. Redeveloping an entire site at the same time requires tenant relocation for a number of years. The time, staffing and financial costs involved with planning and carrying out tenant relocation prior to redevelopment are considerable and higher than the relocation of tenants back after redevelopment.

Use of New Technologies

Some of the R-R projects examined in the case study research incorporated innovative features such as new technologies for renewable energy including solar and geothermal energy, and LEED (Leadership in Energy and Environmental Design) features. While some technologies, designs and materials have been available for some time and have been widely used, others are newly emerging. Some of the case studies revealed that there were challenges and delays that arose in R-R as a result of using some new technologies, such as geothermal energy and heating system and green roofs.

CONCLUSION

The case study research found that:

- different R-R approaches can be successfully undertaken; for example, R-R can be undertaken solely by one entity or can involve a partnership between public, non-profit and/or the private sectors
- R-R involves both the physical redevelopment of units as well as managing tenant relations
- R-R work is complex, time-consuming and costly in terms of planning, implementation and the financial and human resources involved
- having adequate financing from the outset is key to the successful completion of R-R work

Summary highlights on each of the eight case studies are attached at the end of this Research highlight.

Areas for potential further research include:

- increase information sharing about R-R experiences (e.g. national conference or workshop)
- research the cost-effectiveness of using new technologies in R-R
- research the complete costs of R-R, including administrative and management costs, and examine revenue-generating measures to cover these costs
- monitor and research the impact of R-R projects on social and community relations, and quality of life
- develop a 'how-to' guide on the redevelopment of social housing

Table Summary Highlights of the Eight Case Studies

Case Studies	Key Facts
Crestview, Phases 1, 2 Corner Brook, Newfoundland	▪ Originally built in 1968 (200 units) ▪ Phase 1 and 2 redevelopment of 36 units was completed in 2010 ▪ Redevelopment of remaining units to be completed near 2018 ▪ R-R Lead (and Owner): Newfoundland and Labrador Housing ▪ Source of funding: provincial (NL Housing funds); and federal (Canada's Economic Action Plan) Key Results: ▪ improved the quality of housing for tenants ▪ improved building exteriors that transformed the image of the housing site to one where people want to live ▪ increased mix of household demographics and income levels ▪ units remained affordable with rent-geared-to-income Key Lessons Learned: ▪ R-R changes the image of older public housing ▪ R-R extends building life ▪ major renovation was costly but more economical than new construction in this case ▪ phased R-R is a long process ▪ diversifying demographic mix in later phases can be challenging to ensure that previous tenants can return while adding new households from the social housing wait list ▪ tenant relocation is a complex process that can delay R-R and increase costs
Perrault Place Happy Valley-Goose Bay, Labrador	▪ Originally built in 1970s (48 units in 6 buildings) ▪ R-R was completed in 2010 (reduced number of units down to 24) ▪ R-R Lead (and Owner): Newfoundland and Labrador Housing ▪ Source of funding: provincial (NL Housing); and funds from Canada-NL Social Housing Agreement Key Results: ▪ improved appearance and physical condition of housing ▪ improved energy efficiency ▪ reduced density, less congested neighbourhood ▪ housing remained affordable for lower-income tenants ▪ reduced vacancies ▪ unit rents remained affordable with rent-geared-to-income Key Lessons Learned: ▪ R-R is resource intensive both in financial and human resources, and requires realistic scheduling of work ▪ R-R of older stock can be beneficial but needs to be weighed against costs
Benny Farm Montreal, Quebec	▪ Originally built in 1947 (384 units) ▪ R-R was completed in 2010 (increased number of units to 797) (58% rental and 42% homeownership) ▪ R-R Lead: Canada Lands Company (CLC) ▪ Partners: non-profit housing and co-operative housing providers; Société d'habitation et de développement de Montréal; and private condo developers ▪ Source of funds: provincial; municipal; and proceeds from sale of private market housing Key Results: ▪ diversified housing forms, housing tenures and demographic mix ▪ improved housing for lower-income veterans and other households ▪ access to affordable home ownership for moderate-income households close to downtown ▪ net gain in affordable housing units through use of rent supplements Key Lessons Learned: ▪ combined use of public developer with tendering to social and private housing developers helped cover R-R costs without equity release ▪ engaging residents and the wider community is critical for successful planning

Case Studies	Key Facts
Strathcona Heights Ottawa, Ontario	▪ Originally built in 1948 (404 units) ▪ R-R completed in 1995 (increased number of units to 743) ▪ R-R Lead (and Owner): City Living (a City of Ottawa non-profit housing corporation later amalgamated into Ottawa Community Housing) ▪ Partners: City of Ottawa, Ontario Ministry of Municipal Affairs and Housing, housing co-operatives, CMHC ▪ Source of funds: federal; provincial; municipal; and non-profit (cooperatives) Key Results: ▪ large increase in the number of non-profit housing units ▪ increased mix of unit sizes ▪ the creation of two housing co-operatives leading to a more mixed community Key Lessons Learned: ▪ staff, consultant expertise and political support are essential for successful R-R ▪ intensive community consultation/involvement was key to success ▪ financing arrangements for large multi-year projects need to be in place at the outset
Regent Park, Phase 1 Toronto, Ontario	▪ Regent Park North built in 1947 and South built in 1954 ▪ Phase 1 R-R to replace 418 social housing units was completed in 2010 resulting in over 900 units (340 rental and 640 market condo units) ▪ R-R Lead: Toronto Community Housing ▪ Partners: The Daniels Corporation ▪ Owners: Toronto Community Housing and private condo owners ▪ Source of funds: Toronto Community Housing equity contribution; proceeds from sale of private market housing units; land leases; operating savings from Canada-Ontario Social Housing Agreement; funds from the Canada-Ontario Affordable Housing Initiative agreement. Toronto Community Housing also issued bonds to raise private capital financing. Key Results: ▪ increased number of units, reflective of downtown density and built form ▪ mix of lower-income tenants in rental units and private owners in the condominiums ▪ increased demographic mix Key Lessons Learned: ▪ R-R requires both a social plan (tenant consultation and relocation) and a building plan, and time frames may be different ▪ doubling density and increasing diversity involved relocation of hundreds of tenants more than once ▪ opportunities for creating partnerships need to be considered ▪ need to increase awareness about public and private rights, and nature of assets in financing R-R to offset costs
Flora Place Winnipeg, Manitoba	▪ Originally built in 1947 (100 temporary units), 28 units remained in 2004 ▪ R-R completed in 2007 (28 units) ▪ R-R Lead (and Owner): Winnipeg Housing Renewal Corporation (WHRC) ▪ Partners: Manitoba Housing Renewal Corporation (MHRC) and Canada Mortgage and Housing Corporation (CMHC) ▪ Source of funds: Canada-Manitoba Affordable Housing Initiative agreement; municipal funds; and private mortgage financing. Key Results: ▪ attractive building and unit designs that maximized accessibility and housing affordability for seniors ▪ increased mix of unit types to include families and different incomes ▪ rent-geared-to-income scale for 16 units (rent supplements) and affordable market rent for 12 units Key Lessons Learned: ▪ close working partnerships between the non-profit housing organization and the City was a key to success ▪ financial costs of new development are high even with 'free' land ▪ improved accessibility and visitability standards increases the potential for housing to accommodate the changing needs of tenants

Case Studies	Key Facts
Canora Place Canora, Saskatchewan	▪ Originally built in the 1970s (40 units for seniors) ▪ R-R completed in 2010 (14 units remained on existing site, 26 units moved to land downtown that was donated by the Town) ▪ R-R Lead: Saskatchewan Housing Corporation (SHC) (Owner) and Canora Housing Authority (CHA) ▪ Source of funds: funds from Canada-Saskatchewan Social Housing Agreement; and private mortgage financing Key Results: ▪ seniors were offered a choice of two locations (original site or units built in the downtown core) ▪ reduced social isolation for older seniors who chose the downtown location closer to amenities and with activities provided within the housing complex ▪ rents based on rent-geared-to-income scale Key Lessons Learned: ▪ moving buildings can adapt existing social housing to meet changing needs (such as reduced isolation, proximity to services and increased social supports) without demolition ▪ agreement was needed from the municipality and the Town residents to 'relocate' buildings to a new site ▪ phasing R-R reduces disruption in tenants' lives
Lions View Vancouver, British Columbia	▪ Originally built between 1952 and 1960 (91 units for seniors) ▪ R-R completed in 1995 resulting in 174 units (126 rental units for seniors and 48 private condo units) ▪ Lead: Housing Federation of BC (HFBC); Partner: Van Maren Construction in Vancouver ▪ Owners: HFBC and private condo owners ▪ Source of funds: proceeds from the sale of a portion of the land and a 50:50 profit-sharing agreement with the developer on the sale of the condo units generated revenue for HFBC to finance an additional 34 non-profit units on the site Key Results: ▪ additional affordable housing units (rent-geared-to-income) – use of rent supplements and shelter allowances ▪ financing of up-front costs by private developer ▪ improved physical accessibility of units and buildings for seniors ▪ increased mix in household incomes and housing tenure Key Lessons Learned: ▪ R-R for non-profit housing succeeded by using an innovative financing model to leverage equity and partnership with an experienced developer who provided critical development expertise

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Housing Research at CMHC

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